

Chairperson: Thomas Lutzow
Senior Executive Assistant: Jodi Mapp, 257-5202

**MILWAUKEE COUNTY MENTAL HEALTH BOARD
FINANCE COMMITTEE**

Thursday, March 25, 2021 - 1:30 P.M.
Teleconference Meeting

MINTUES

PRESENT: Thomas Lutzow, Jon Lehrmann, Duncan Shrout, Kathie Eilers, and Mary Neubauer

SCHEDULED ITEMS:

1. Welcome.

Chairman Lutzow welcomed everyone to the March 25, 2021, Mental Health Board Finance Committee's quarterly remote/virtual meeting.

2. 2020 Year-End Financial Reporting Package and Dashboard.

2020 was an incredibly tumultuous year for the Behavioral Health Division (BHD). The pandemic created a situation of limited bed capacity on inpatient units, which has a severe impact on the ability to generate revenue. The year ended with significant patient revenue loss. It was offset by CARES Act revenue. BHD continues to experience costs related to the Systems Improvement Agreement and incurred a deficit for State institute costs. One large variance discovered at the end of the year was the amount of the Wisconsin Medicaid Cost Reporting (WIMCR) payment received. The amount was substantially above what was expected/budgeted. The Wraparound Milwaukee program broke even, and great savings was achieved with active fringe benefits.

An overview was provided of the 2020 year-end fiscal report detailing combined reporting, inpatient hospital annual projections, and 2020 year-to-date revenues and expenses. Program Dashboards for acute adult inpatient, child and adolescent inpatient (CAIS), Psychiatric Crisis Services (PCS), Alcohol and Other Drug Abuse (AODA), Wraparound, Targeted Case Management (TCM), Comprehensive Community Services (CCS), and Community Support Programs (CSP) were all reviewed. Year-end financial highlights included information on inpatient census, state institutions, final County fringe settlement, CCS growth, and AODA costs.

Questions and comments ensued.

This item was informational.

SCHEDULED ITEMS (CONTINUED):

3.	<p>December 2020 Financial Reporting Package.</p> <p>The report associated with this item reflects similar information presented in Item 2 but provides a more detailed financial view. It's a historical document to help track changes compared to the previous reporting package update.</p> <p>This item was informational.</p>
4.	<p>Update on Financial Vulnerabilities, Risks, and Progress on Initiatives Related to the 2021 Budget.</p> <p>An ongoing risk for the Behavioral Health Division (BHD) is the general financial health of Milwaukee County and its struggles with structural budget issues. BHD has a statutory tax levy floor of \$53 million. In recent years, close to \$55 million has been needed to sustain current operations. However, there has been an expenditure reduction in the form of a \$2 million structural deficit item in BHD's budget. This item was assumed to be a temporary item but appears to be more long term than expected. Potential tax levy savings has already been identified with the new substance use residential benefit.</p> <p>The hospital is currently in the process of executing a Systems Improvement Agreement with the Centers for Medicare and Medicaid Services to address all facility deficiencies. To date, there are more than adequate reserves in the capital reserve fund to overcome any unforeseen costs.</p> <p>Inpatient revenue loss remains a concern. 2020 was able to overcome the loss through one-time unique CARES Act funding. There will be new federal action for 2021. The opportunity is there to cover some of this loss with those funds. The State has been in contact to assist with certified public expenditure revenue. Revenue for inpatient services this year will be substantially under budget even though there has been an increase in census in recent weeks.</p> <p>BHD has received decreases in Wraparound Milwaukee's capitated rate for the past several years and is working with an external actuarial firm on drafting a letter to the Department of Health Services (DHS) outlining concerns with their rate setting process.</p> <p>In 2020, DHS issued interim rate increases for Crisis Intervention services assuming counties would continue or expand. Since the pandemic, there had been a decline in crisis intervention services being provided and is causing a less favorable Crisis Intervention cost settlement payment for Milwaukee County in 2021.</p> <p>As BHD looks to sunset the hospital and opening the Mental Health Emergency Center, new risks come into play, which brings in the possibility of unforeseen costs.</p> <p>This item was informational.</p>

SCHEDULED ITEMS (CONTINUED):

5.	<p>Impact of the Governor's 2021 – 2023 Proposed State Budget on Behavioral Health Division Programs and Services.</p> <p>The Governor's proposed State Budget is very aggressive on behavioral health services. There are a lot of exciting proposals contained therein. The likelihood of those becoming adopted items in the final budget seems pretty low at this point due to the political climate in Madison. Highlights were given from the State's proposed budget having a direct impact on BHD.</p> <p>This item was informational.</p>
6.	<p>Quarterly Fund Transfers Update.</p> <p>The report reflects fund transfers submitted and applied in the last quarter. Fund or appropriation transfers are effectively budget amendments. They are used mostly as an off-budget process to either recognize new grant revenue or move funds around between cost centers. The transfers reflected relate to the Systems Improvement Agreement and grant and pandemic funding received.</p> <p>This item was informational.</p>
7.	<p>Quarterly Reserve Fund Update.</p> <p>The Committee was asked to keep in mind the numbers reflected in the report are preliminary and subject to change. There are significant capital costs in the projections. Most of those costs are encumbrance carryovers, meaning it's not an actual expense. The numbers are not expected to drastically change. An update will be provided once the numbers are finalized. Commitments impacting the 2021 Reserves were discussed.</p> <p>Questions and comments ensued.</p> <p>The Committee directed staff to report on reserve fund vulnerabilities including but not limited to System Improvement Agreement related items, transferring staff to Universal Health Services, staff relocation efforts, etc. An itemized list needs to be created to ensure the vulnerabilities are being managed the right way.</p> <p>This item was informational.</p>
8.	<p>Wraparound Milwaukee Audit Report.</p> <p>The associated report is Wraparound's recently completed audit through Baker Tilly for years ending December 31, 2017; 2018; and 2019. The audit found the submitted financial report presents fairly, in all material respects, the total claim payments to providers and administrative expenses described. It was an audit with no findings.</p> <p>This item was informational.</p>

SCHEDULED ITEMS (CONTINUED):

9. Adjournment.

Chairman Lutzow ordered the meeting adjourned.

This meeting was recorded. The official copy of these minutes and subject reports, along with the audio recording of this meeting, is available on the Milwaukee County Behavioral Health Division/Mental Health Board web page.

Length of meeting: 1:31 p.m. to 3:09 p.m.

Adjourned,

Jodi Mapp

Jodi Mapp
Senior Executive Assistant
Milwaukee County Mental Health Board

**The next meeting of the Milwaukee County Mental Health Board
Finance Committee is scheduled for
Thursday, April 22, 2021, at 8:00 a.m.**

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<https://county.milwaukee.gov/EN/DHHS/About/Governance>